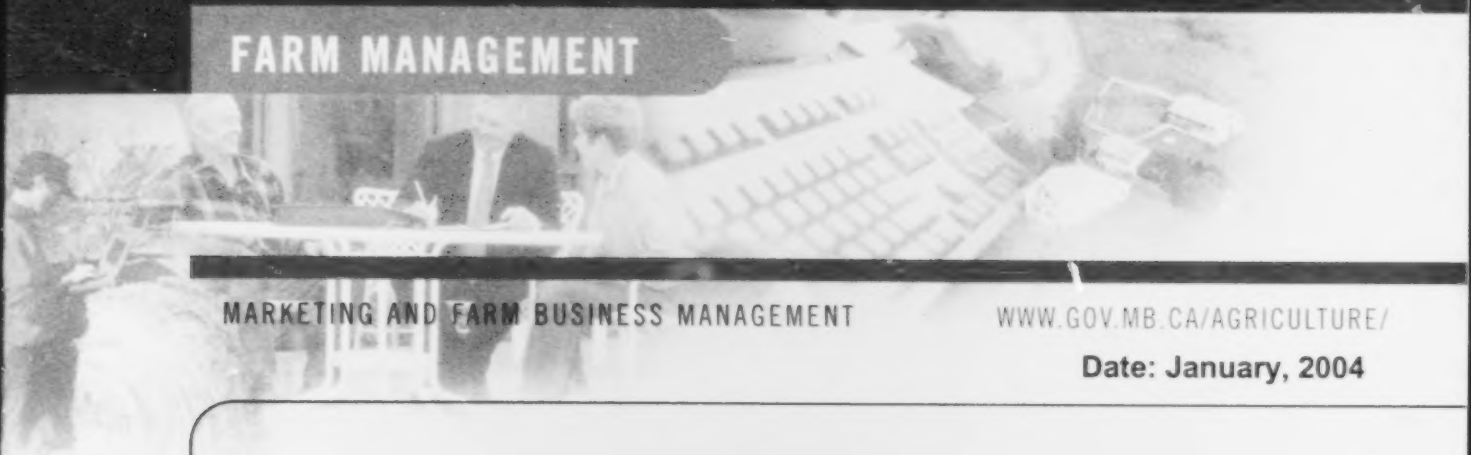

Date: January, 2004

Guidelines For Estimating
Crop Production Costs - 2004

These projected crop costs have been prepared to assist in developing your own production costs. Also available, is an Excel spreadsheet that can be downloaded from the Manitoba Agriculture, Food and Rural Initiatives website.

The following budgets are estimates of the cost of producing several different crops. General departmental recommendations are assumed in using fertilizers and chemical inputs. The figures provide an economic evaluation of the crops and estimated yields required to cover all the costs including labour and investment. Management has not been accounted for in these enterprise budgets.

These budgets may be adjusted by putting in your own figures. As a producer you are encouraged to calculate your own costs of production for various crops. On each farm, costs and yields differ due to soil type, climatic conditions and agronomic practices.

Disclaimer: This budget is only a guide and is not intended as an in depth study of the cost of production of this industry. Interpretation and utilization of this information is the responsibility of the user. If you require assistance with developing your individual budget, please contact your local Manitoba Agriculture, Food and Rural Initiatives office.

Manitoba Agriculture and Food is Committed to
Your Future in Farming

Manitoba
Building for the Future

Crop Production Costs 2004 Guidelines (Dollars Per Acre)

	Wheat	Durum Wheat	Winter Wheat	Fall Rye	Malt Barley	Feed Barley
A. Operating Costs						
Seed & Treatment	$10.63	$14.45	$12.00	$8.25	$10.00	$10.00
Fertilizer	$32.34	$32.34	$54.70	$30.90	$30.54	$32.34
Herbicide	$21.00	$21.00	$5.50	$4.00	$21.00	$21.00
Fungicide	$10.00	$19.00	$17.50	$0.00	$5.00	$5.00
Insecticide	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Fuel	$11.50	$11.50	$9.50	$9.50	$11.50	$11.50
Machinery Operating	$10.00	$10.00	$8.00	$8.00	$10.00	$10.00
Crop Insurance	$5.92	$5.75	$6.12	$5.49	$4.94	$4.94
Other Costs	$7.50	$7.50	$7.50	$7.50	$7.50	$7.50
Land Taxes	$6.50	$6.50	$6.50	$6.50	$6.50	$6.50
Drying Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Interest on Operating	$3.17	$3.52	$3.50	$2.20	$2.94	$2.99
Total Operating	**$118.56**	**$131.56**	**$130.82**	**$82.34**	**$109.92**	**$111.77**
B. Fixed Costs						
Land Investment Costs	$22.00	$22.00	$22.00	$22.00	$22.00	$22.00
Machinery Depreciation	$22.50	$22.50	$22.50	$22.50	$22.50	$22.50
Machinery Investment	$9.00	$9.00	$9.00	$9.00	$9.00	$9.00
Storage Costs	$2.14	$2.14	$2.14	$2.14	$2.14	$2.14
Total Fixed	**$55.64**	**$55.64**	**$55.64**	**$55.64**	**$55.64**	**$55.64**
Total Operating & Fixed	**$174.20**	**$187.20**	**$186.46**	**$137.98**	**$165.56**	**$167.41**
C. Labour	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00
Total Costs	**$189.20**	**$202.20**	**$201.46**	**$152.98**	**$180.56**	**$182.41**
Estimated Farmgate Price	**Breakeven Analysis**					
$ per unit	$4.40 bu	$4.75 bu	$3.25 bu	$2.80 bu	$3.15 bu	$2.25 bu
$ per tonne	$162 t	$175 t	$119 t	$110 t	$145 t	$103 t
Breakeven Yield						
Operating Costs	26.9 bu	27.7 bu	40.3 bu	29.4 bu	34.9 bu	49.7 bu
Operating & Fixed Costs	39.6 bu	39.4 bu	57.4 bu	49.3 bu	52.6 bu	74.4 bu
Total Costs	**43.0 bu**	**42.6 bu**	**62.0 bu**	**54.6 bu**	**57.3 bu**	**81.1 bu**

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Crop Production Costs 2004 Guidelines (Dollars Per Acre)

Oats	Canary Seed	Corn	Canola	Mustard	Flaxseed	Your Farm
$10.00	$15.00	$40.00	$21.25	$18.00	$10.80	
$29.85	$26.55	$50.80	$38.70	$35.40	$28.20	
$5.50	$22.50	$29.50	$26.00	$33.00	$21.00	
$5.00	$0.00	$0.00	$12.75	$0.00	$0.00	
$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
$11.50	$11.50	$16.00	$11.50	$11.50	$11.50	
$10.00	$10.00	$13.00	$10.00	$10.00	$10.00	
$6.22	$6.19	$6.20	$8.69	$7.82	$5.82	
$7.50	$7.50	$8.00	$7.50	$7.50	$7.50	
$6.50	$6.50	$8.50	$6.50	$6.50	$6.50	
$0.00	$0.00	$25.00	$0.00	$0.00	$0.00	
$2.53	$2.91	$5.42	$3.93	$3.57	$2.79	
$94.60	**$108.65**	**$202.42**	**$146.82**	**$133.29**	**$104.11**	
$22.00	$22.00	$32.00	$22.00	$22.00	$22.00	
$22.50	$22.50	$30.00	$22.50	$22.50	$22.50	
$9.00	$9.00	$12.00	$9.00	$9.00	$9.00	
$2.14	$2.14	$4.27	$2.14	$2.14	$2.14	
$55.64	**$55.64**	**$78.27**	**$55.64**	**$55.64**	**$55.64**	
$150.24	**$164.29**	**$280.69**	**$202.46**	**$188.93**	**$159.75**	
$15.00	$17.00	$20.00	$15.00	$15.00	$18.00	
$165.24	**$181.29**	**$300.69**	**$217.46**	**$203.93**	**$177.75**	
$1.80 bu	$0.18 lb	$3.30 bu	$7.75 bu	$0.21 lb	$8.00 bu	
$117 t	$397 t	$130 t	$342 t	$463 t	$315 t	
52.6 bu	604 lb	61.3 bu	18.9 bu	635 lb	13.0 bu	
83.5 bu	913 lb	85.1 bu	26.1 bu	900 lb	20.0 bu	
91.8 bu	**1007** lb	**91.1** bu	**28.1 bu**	**971** lb	**22.2** bu	

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Crop Production Costs 2004 Guidelines (Dollars Per Acre)

	Soybeans Conventional	Soybeans Roundup	Navybeans Solid Seed	Navybeans Row Crop	Peas	Sunflowers Confection
A. Operating Costs						
Seed & Treatment	$47.51	$76.77	$62.78	$44.72	$23.13	$30.53
Fertilizer	$13.10	$13.10	$33.80	$33.80	$16.80	$38.50
Herbicide	$43.00	$18.00	$99.00	$79.00	$20.00	$40.50
Fungicide	$0.00	$0.00	$39.00	$39.00	$7.75	$0.00
Insecticide	$0.00	$0.00	$0.00	$0.00	$0.00	$17.00
Fuel	$11.56	$11.29	$13.28	$16.46	$12.00	$12.00
Machinery Operating	$9.80	$9.80	$9.40	$11.00	$10.50	$11.00
Crop Insurance	$7.55	$7.55	$8.75	$9.80	$5.73	$7.86
Other Costs	$8.00	$8.00	$8.00	$8.00	$8.00	$8.00
Land Taxes	$6.50	$6.50	$6.50	$8.00	$6.50	$6.50
Drying Costs	$0.00	$0.00	$0.00	$0.00	$0.00	$6.00
Interest on Operating	$4.04	$4.15	$7.71	$6.87	$3.04	$4.89
Total Operating Costs	**$151.06**	**$155.16**	**$288.22**	**$256.65**	**$113.45**	**$182.78**
B. Fixed Costs						
Land Investment Costs	$22.00	$22.00	$22.00	$32.00	$22.00	$22.00
Machinery Depreciation	$24.50	$24.50	$23.50	$27.50	$22.50	$22.50
Machinery Investment	$9.80	$9.80	$9.40	$11.00	$9.00	$9.00
Storage Costs	$2.68	$2.68	$2.68	$2.68	$2.14	$2.14
Total Fixed Costs	**$58.98**	**$58.98**	**$57.58**	**$73.18**	**$55.64**	**$55.64**
Total Operating & Fixed	**$210.04**	**$214.14**	**$345.80**	**$329.83**	**$169.09**	**$238.42**
C. Labour	$15.00	$15.00	$15.00	$18.00	$17.00	$17.00
Total Costs	**$225.04**	**$229.14**	**$360.80**	**$347.83**	**$186.09**	**$255.42**
Estimated Farmgate Price			**Breakeven Analysis**			
$ per unit	$7.50 bu	$7.50 bu	$0.23 lb	$0.23 lb	$5.00 bu	$0.21 lb
$ per tonne	$276 t	$276 t	$507 t	$507 t	$184 t	$463 t
Breakeven Yield						
Operating Costs	20.1 bu	20.7 bu	1,253 lb	1,116 lb	22.7 bu	870 lb
Operating & Fixed Costs	28.0 bu	28.6 bu	1,503 lb	1,434 lb	33.8 bu	1,135 lb
Total Costs	**30.0** bu	**30.6** bu	**1,569** lb	**1,512** lb	**37.2** bu	**1,216** lb

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Crop Production Costs 2004 Guidelines (Dollars Per Acre)

Sunflowers Oil	Lentils	Buckwheat	Hemp Oil	Hemp Fiber	Your Farm	Your Farm
$20.00	$16.00	$12.00	$22.50	$45.00		
$38.50	$18.20	$32.45	$34.80	$39.30		
$40.50	$50.00	$15.50	$0.00	$0.00		
$0.00	$25.25	$0.00	$0.00	$0.00		
$8.50	$0.00	$0.00	$0.00	$0.00		
$12.00	$12.00	$11.50	$11.50	$12.50		
$11.00	$11.00	$10.00	$13.50	$13.50		
$7.86	$8.50	$8.36	$7.00	$7.00		
$8.00	$7.50	$7.50	$7.50	$7.50		
$6.50	$6.50	$6.50	$6.50	$6.50		
$6.00	$0.00	$0.00	$15.00	$0.00		
$4.37	$4.26	$2.85	$3.25	$3.61		
$163.23	**$159.21**	**$106.66**	**$121.55**	**$134.91**		
$22.00	$22.00	$22.00	$22.00	$22.00		
$22.50	$22.50	$22.50	$23.50	$20.00		
$9.00	$9.00	$9.00	$9.40	$8.00		
$2.14	$2.14	$2.14	$2.14	$2.14		
$55.64	**$55.64**	**$55.64**	**$57.04**	**$52.14**		
$218.87	**$214.85**	**$162.30**	**$178.59**	**$187.05**		
$17.00	$17.00	$15.00	$15.00	$15.00		
$235.87	**$231.85**	**$177.30**	**$193.59**	**$202.05**		
$0.16 lb	$0.18 lb	$7.25 bu	$0.45 lb	$0.05 lb		
$353 t	$397 t	$333 t	$992 t	$110 t		
1,020 lb	885 lb	14.7 bu	270 lb	2698 lb		
1,368 lb	1,194 lb	22.4 bu	397 lb	3741 lb		
1,474 lb	**1,288** lb	**24.5** bu	**430** lb	**4041** lb		

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Seed & Treatment
Per Acre

Crop	Seeding Rate per Acre	Price per Unit	Cost per Acre
Wheat	1.7 bu	$6.25 /bu	$10.63
Durum Wheat	1.7 bu	$8.50 /bu	$14.45
Winter wheat	2.0 bu	$6.00 /bu	$12.00
Fall Rye	1.5 bu	$5.50 /bu	$8.25
Malt Barley	2.0 bu	$5.00 /bu	$10.00
Feed Barley	2.0 bu	$5.00 /bu	$10.00
Oats	2.5 bu	$4.00 /bu	$10.00
Canary Seed	25 lbs	$0.60 /lb	$15.00
Corn	25,000 plants	$0.0016 /plant	$40.00
Canola	5 lb	$4.25 /lb	$21.25
Mustard	9 lb	$2.00 /lb	$18.00
Flaxseed	40 lb	$0.27 /lb	$10.80
Soybeans Conventional	77 lbs	$0.62 /lb	$47.51
Soybeans Roundup	77 lbs	$1.00 /lb	$76.77
Navy Beans Solid Seed	73 lbs	$0.86 /lb	$62.78
Navy Beans Row Crop	52 lbs	$0.86 /lb	$44.72
Peas	2.5 bu	$9.25 /bu	$23.13
Sunflowers Confection	18,500 plants	$0.00165 /plant	$30.53
Sunflowers Oil	20,000 plants	$0.0010 /plant	$20.00
Lentils	40 lb	$0.40 /lb	$16.00
Buckwheat	1 bu	$12.00 /bu	$12.00
Hemp Oil	18 lb	$1.25 /bu	$22.50
Hemp Fiber	36 lb	$1.25 /bu	$45.00

Fertilizer

Price of Fertilizer		$/lb	$/kg	
	Nitrogen	**$0.330**	$0.73	**$0.42** *
	Phosphorus	**$0.280**	$0.62	
	Potash	**$0.150**	$0.33	
	Sulphur	**$0.260**	$0.57	

	Amount of Actual Pounds of Elements Applied Per Acre								
Crop	**Nitrogen**		**Phosphorus**		**Potash**		**Sulphur**		**Total**
	lbs	$/acre	lbs	$/acre	lbs	$/acre	lbs	$/acre	**$/acre**
Wheat	**70**	$23.10	**33**	$9.24	**0**	$0.00	**0**	$0.00	**$32.34**
Durum Wheat	**70**	$23.10	**33**	$9.24	**0**	$0.00	**0**	$0.00	**$32.34**
Winter wheat	**100**	$42.00	**40**	$11.20	**10**	$1.50	**0**	$0.00	**$54.70**
Fall Rye	**50**	$21.00	**30**	$8.40	**10**	$1.50	**0**	$0.00	**$30.90**
Malt Barley	**60**	$19.80	**33**	$9.24	**10**	$1.50	**0**	$0.00	**$30.54**
Feed Barley	**70**	$23.10	**33**	$9.24	**0**	$0.00	**0**	$0.00	**$32.34**
Oats	**65**	$21.45	**30**	$8.40	**0**	$0.00	**0**	$0.00	**$29.85**
Canary Seed	**55**	$18.15	**30**	$8.40	**0**	$0.00	**0**	$0.00	**$26.55**
Corn	**90**	$29.70	**40**	$11.20	**40**	$6.00	**15**	$3.90	**$50.80**
Canola	**80**	$26.40	**30**	$8.40	**0**	$0.00	**15**	$3.90	**$38.70**
Mustard	**70**	$23.10	**30**	$8.40	**0**	$0.00	**15**	$3.90	**$35.40**
Flaxseed	**60**	$19.80	**30**	$8.40	**0**	$0.00	**0**	$0.00	**$28.20**
Soybeans Conventional	**10**	$3.30	**35**	$9.80	**0**	$0.00	**0**	$0.00	**$13.10**
Soybeans Roundup	**10**	$3.30	**35**	$9.80	**0**	$0.00	**0**	$0.00	**$13.10**
Navy Beans Solid Seed	**60**	$19.80	**30**	$8.40	**20**	$3.00	**10**	$2.60	**$33.80**
Navy Beans Row Crop	**60**	$19.80	**30**	$8.40	**20**	$3.00	**10**	$2.60	**$33.80**
Peas	**0**	$0.00	**30**	$8.40	**30**	$4.50	**15**	$3.90	**$16.80**
Sunflowers Confection	**70**	$23.10	**35**	$9.80	**20**	$3.00	**10**	$2.60	**$38.50**
Sunflowers Oil	**70**	$23.10	**35**	$9.80	**20**	$3.00	**10**	$2.60	**$38.50**
Lentils	**0**	$0.00	**35**	$9.80	**30**	$4.50	**15**	$3.90	**$18.20**
Buckwheat	**55**	$18.15	**35**	$9.80	**30**	$4.50	**0**	$0.00	**$32.45**
Hemp Oil	**80**	$26.40	**30**	$8.40	**0**	$0.00	**0**	$0.00	**$34.80**
Hemp Fiber	**80**	$26.40	**30**	$8.40	**30**	$4.50	**0**	$0.00	**$39.30**

The nitrogen price used in the above assumptions is an average of the following sources: anhydrous, liquid and granular fertilizers. The higher price for nitrogen * only applies to winter wheat and fall rye, because it is generally spring applied.

The fertilizer recommendation will vary depending on the soil type, climate and crop rotation. The department recommends that soil test sampling and analysis be conducted each year to produce a better baseline for fertility. It costs $0.40 to $0.80/acre for custom sampling and analysis.

Chemicals
Per Acre

Crop	Weed Control $/acre	Disease Control $/acre		Insect Control $/acre	Total Cost $/acre
Wheat	$21.00	$10.00	2	$0.00	$31.00
Durum Wheat	$21.00	$19.00		$0.00	$40.00
Winter wheat	$5.50	$17.50		$0.00	$23.00
Fall Rye	$4.00	$0.00		$0.00	$4.00
Malt Barley	$21.00	$5.00		$0.00	$26.00
Feed Barley	$21.00	$5.00		$0.00	$26.00
Oats	$5.50	$5.00		$0.00	$10.50
Canary Seed	$22.50	$0.00		$0.00	$22.50
Corn	$29.50	$0.00		$0.00	$29.50
Canola	$26.00	$12.75	2	$0.00	$38.75
Mustard	$33.00	$0.00		$0.00	$33.00
Flaxseed	$21.00	$0.00		$0.00	$21.00
Soybeans Conventional	$43.00	$0.00		$0.00	$43.00
Soybeans Roundup	$18.00	$0.00		$0.00	$18.00
Navy Beans Solid Seed	$99.00	$39.00		$0.00	$138.00
Navy Beans Row Crop	$79.00	$39.00		$0.00	$118.00
Peas	$20.00	$7.75	2	$0.00	$27.75
Sunflowers Confection	$40.50	$0.00		$17.00	$57.50
Sunflowers Oil	$40.50	$0.00		$8.50	$49.00
Lentils	$50.00	$25.25		$0.00	$75.25
Buckwheat	$15.50	$0.00		$0.00	$15.50
Hemp Oil	$0.00	$0.00		$0.00	$0.00
Hemp Fiber	$0.00	$0.00		$0.00	$0.00

Note:

Pre-emergent burn off ($5/acre) and/or pre-harvest desiccation ($10/acre) not included in weed control.

"2" half the acres treated.

Operating Costs

Interest Rate on Operating 5.50%

Per Acre

Crop	Fuel $/acre	Machine Operating Cost $/acre	Crop Insurance $/acre	Other Costs $/acre	Land Taxes $/acre	Drying Costs $/acre
Wheat	$11.50	$10.00	$5.92	$7.50	$6.50	$0.00
Durum Wheat	$11.50	$10.00	$5.75	$7.50	$6.50	$0.00
Winter wheat	$9.50	$8.00	$6.12	$7.50	$6.50	$0.00
Fall Rye	$9.50	$8.00	$5.49	$7.50	$6.50	$0.00
Malt Barley	$11.50	$10.00	$4.94	$7.50	$6.50	$0.00
Feed Barley	$11.50	$10.00	$4.94	$7.50	$6.50	$0.00
Oats	$11.50	$10.00	$6.22	$7.50	$6.50	$0.00
Canary Seed	$11.50	$10.00	$6.19	$7.50	$6.50	$0.00
Corn	$16.00	$13.00	$6.20	$8.00	$8.50	$25.00
Canola	$11.50	$10.00	$8.69	$7.50	$6.50	$0.00
Mustard	$11.50	$10.00	$7.82	$7.50	$6.50	$0.00
Flaxseed	$11.50	$10.00	$5.82	$7.50	$6.50	$0.00
Soybeans Conventional	$11.56	$9.80	$7.55	$8.00	$6.50	$0.00
Soybeans Roundup	$11.29	$9.80	$7.55	$8.00	$6.50	$0.00
Navy Beans Solid Seed	$13.28	$9.40	$8.75	$8.00	$6.50	$0.00
Navy Beans Row Crop	$16.46	$11.00	$9.80	$8.00	$8.00	$0.00
Peas	$12.00	$10.50	$5.73	$8.00	$6.50	$0.00
Sunflowers Confection	$12.00	$11.00	$7.86	$8.00	$6.50	$6.00
Sunflowers Oil	$12.00	$11.00	$7.86	$8.00	$6.50	$6.00
Lentils	$12.00	$11.00	$8.50	$7.50	$6.50	$0.00
Buckwheat	$11.50	$10.00	$8.36	$7.50	$6.50	$0.00
Hemp Oil	$11.50	$13.50	$7.00	$7.50	$6.50	$15.00
Hemp Fiber	$12.50	$13.50	$7.00	$7.50	$6.50	$0.00

Fixed Costs

Depreciation Rate	**10.0%**	Storage Costs			
Investment Rate	**4.00%**	Non-aeration	**75%**	**$1.00**	/bu
Hours per acre	**1.5**	Aeration	**25%**	**$1.25**	/bu
Cost per hr.	**$10.00**	Yield/acre		**30**	bu/ac
		Yield/acre (corn)		**60**	bu/ac

Per Acre

Crop	Land Value $/acre	Land Cost $/acre	Machinery Investment $/acre	Machinery Depreciation $/acre	Machinery Investment $/acre	Storage $/acre	Labour $/acre
Wheat	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Durum Wheat	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Winter wheat	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Fall Rye	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Malt Barley	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Feed Barley	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Oats	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Canary Seed	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$17.00**
Corn	**$800.00**	$32.00	**$300.00**	$30.00	$12.00	$4.27	**$20.00**
Canola	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Mustard	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Flaxseed	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$18.00**
Soybeans Conventional	**$550.00**	$22.00	**$245.00**	$24.50	$9.80	$2.68	**$15.00**
Soybeans Roundup	**$550.00**	$22.00	**$245.00**	$24.50	$9.80	$2.68	**$15.00**
Navy Beans Solid Seed	**$550.00**	$22.00	**$235.00**	$23.50	$9.40	$2.68	**$15.00**
Navy Beans Row Crop	**$800.00**	$32.00	**$275.00**	$27.50	$11.00	$2.68	**$18.00**
Peas	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$17.00**
Sunflowers Confection	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$17.00**
Sunflowers Oil	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$17.00**
Lentils	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$17.00**
Buckwheat	**$550.00**	$22.00	**$225.00**	$22.50	$9.00	$2.14	**$15.00**
Hemp Oil	**$550.00**	$22.00	**$235.00**	$23.50	$9.40	$2.14	**$15.00**
Hemp Fiber	**$550.00**	$22.00	**$200.00**	$20.00	$8.00	$2.14	**$15.00**

Storage costs were based on an estimated yield of 30 bu/acre for most grain crops; 60 bu/acre for corn; soybean and navy bean storage was based on a separate budget.

Other Assumptions

Fuel Costs:
Includes fuel used for field work, trucking inputs and products out.

Machinery Operating Costs:
Includes costs for maintenance, repairs, licenses and insurance.

Crop Insurance: (2003 rates. New rates for 2004 are not included.)
Risk Area #6 at the 70% coverage on a "B" soil zone and additional hail insurance at $100/acre coverage for spring wheat, durum wheat, winter wheat, fall rye, barley, canary seed, canola, flax, oats and mustard.

Risk Area #11 at the 70% coverage on a "B" soil zone and additional hail insurance at $100/acre coverage for sunflowers, peas, lentils, buckwheat, corn, soybeans, navybeans and hemp.

Other Costs:
Includes overhead expenses - hydro, telephone, accounting, buildings, supplies and insurance, etc.

Land Taxes:
The average for the province was based on land tax assessment and mill rates of a sample of municipalities growing crops less provincial tax rebate.

Drying Costs:
Budget allocates costs only for corn, sunflowers and hemp. However, drying costs may be incurred in some years for the other crops.

Interest On Operating:
Interest charges on operating costs are calculated at 5.5% for six months.

Land Investment Cost:
Land values are based on average land sale values in Manitoba. Budget assumed 4% return on land investment

Depreciation:
Assumed 10% on machinery, no salvage value.

Investment Cost:
Assumed 4% opportunity cost on the machinery.

Storage Cost:

Assumed a 5% depreciation cost and 4% investment cost.

Farm storage requirements were assumed to be 30 bushels/acre costing $1/bushel for 75% of the storage and $1.25/bushel for 25% aerated storage.

Storage requirements for corn were calculated at 60 bushels/acre.

Example - Wheat

Non-Aeration Bins (75%)

Depreciation: $\frac{\$30 - \$3}{20 \text{ years}} = \$1.35$

Investment: $\frac{\$30 + \$3}{2} \times 4\% = \$0.66$

Sub-Total = $2.01 x 75% = $1.51

Aeration Bins (25%)

Depreciation: $\frac{\$37.50 - \$3.75}{20 \text{ years}} = \$1.69$

Investment: $\frac{\$37.50 + \$3.75}{2} \times 4\% = \$.83$

Sub-Total = $2.52 x 25% = $0.63

Total **$2.14**

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